

Message Text

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/SUMMARY/. GOI ECONOMIC REPORT FOR CALENDAR YEAR 1976
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(ALSO CONTAINING REVISED DATA 1973 THROUGH 1975) RELEASED
ON MARCH 31 SHOWS REAL GDP INCREASE OF 5.6 PERCENT REFLECTING
SIGNIFICANT IMPROVEMENT OVER 1975 DECREASE OF 3.5 PERCENT.
/END SUMMARY/.

1. INTRODUCTION. IN 1976 ITALY'S GDP ROSE TO 142,128
BILLION LIRE (114,215 IN 1975), REPRESENTING GROWTH RATE IN

MONETARY TERMS OF 24.4 PERCENT AND 5.6 IN REAL TERMS. COMPARABLE RATES FOR 1975 WERE INCREASE OF 13.2 PERCENT AND DECREASE OF 3.5 RESPECTIVELY AS REFLECTED IN REVISED 1975 GDP DATA CONTAINED IN 1976 ECONOMIC REPORT. TOTAL GROSS FIXED DOMESTIC INVESTMENT IN REAL TERMS INCREASED BY 2.3 PERCENT OVER 1975 LEVEL, COMPARED TO A DECREASE OF 13.0 PERCENT IN 1975. AVERAGE UNEMPLOYMENT RATE DURING 1976 WAS 3.7 PERCENT OF LABOR FORCE (3.3 PERCENT IN 1975) WITH SHARE OF NATIONAL INCOME ACCRUING TO WAGE AND SALARY EARNERS IN 1976 DECLINING, FOR THE FIRST TIME, SINCE 1970, TO 70.2 PERCENT (70.4 PERCENT IN 1975). ITALY'S "ECONOMIC/BALANCE OF PAYMENTS ON GOODS AND SERVICES IN CURRENT LIRE WAS IN DEFICIT BY 2,678 BILLION LIRE. THIS COMPARED WITH A DEFICIT OF 541 BILLION LIRE IN 1975, AND DEFICIT OF 5,190 IN 1974.

2. /SOURCES OF INCOME/. ON SUPPLY SIDE, ALL SECTORS OF ECONOMY, EXCEPT FOR AGRICULTURE, REGISTERED AN INCREASE OVER 1975 IN REAL TERMS. OUTPUT OF AGRICULTURE AND RELATED SECTORS DECREASED BY 3.3 PERCENT. INDUSTRIAL ACTIVITIES INCREASED BY 9.7 AND TERTIARY (SERVICE) ACTIVITIES BY 4.0 PERCENT. IMPORTS OF GOODS AND SERVICES INCREASED BY 13.1 PERCENT IN VOLUME TO 13,673 BILLION LIRE COMPARED WITH 1975 DECLINE OF 9.9 PERCENT TO 12,093 BILLION LIRE.

3. /USES OF INCOME/. ON DEMAND SIDE GROSS DOMESTIC INVESTMENT ROSE BY 17.0 PERCENT TO 13,298 BILLION LIRE (AT - CONSTANT 1970 PRICES), REPRESENTING SIGNIFICANT IMPROVEMENT IF COMPARED WITH DECREASE OF 25.2 PERCENT IN 1975 AND INCREASE OF 2.1 PERCENT IN 1974. THIS REFLECTED REBUILDING OF INVENTORIES WHICH WERE HEAVILY RUN DOWN DURING 1975 RECESSION. INVESTMENT IN IN-

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DUSTRIAL ACTIVITIES DECLINED BY 1.9 PERCENT AND IN PUBLIC ADMINISTRATION BY 0.6 PERCENT, WHEREAS FIXED INVESTMENTS IN AGRICULTURE AND RELATED SECTORS, AND IN SERVICE ACTIVITIES ROSE BY 11.8 PERCENT AND 3.7 PERCENT RESPECTIVELY. IN 1976 GROSS FIXED INVESTMENT AS PERCENTAGE OF GDP (AT CONSTANT 1970 PRICES) WAS 17.4 PERCENT COMPARED WITH 18.0 PERCENT IN 1975, ALTHOUGH INCREASING IN REAL TERMS BY 2.3 PERCENT. PUBLIC CONSUMPTION INCREASED BY 1.9 0/0 TO 9,188 BILLION LIRE, COMPARED WITH INCREASE OF 2.8 PERCENT IN 1975, WHILE REAL PRIVATE CONSUMPTION IN 1976 INCREASED BY 3.2 PERCENT TO 44,110 BILLION LIRE (42,738 BILLION IN 1975). MEASURED ON NATIONAL ACCOUNTS BASIS, EXPORTS OF GOODS AND SERVICES ROSE BY 12.6 PERCENT IN REAL TERMS TO 15,829 BILLION LIRE COMPARED WITH AN INCREASE OF 3.5 PERCENT IN 1975 TO 14,063 BILLION LIRE.

4. FOLLOWING IS BREAKDOWN GDP IN BILLIONS OF CURRENT AND CONSTANT (1970) LIRE FOR 1975 AND 1976:

BIL.	CUR.	LIRE	BIL.	CONSTANT
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(1970) LIRE

	1975	1976	1975	1976	CHANGE
PRVT CONS.	76,744	93,039	42,738	44,110	3.2
PUBL. CONS.	16,153	19,829	9,014	9,188	1.9
GROSS FXD					
INVST.	23,753	28,810	11,704	11,969	2.3
CHANGE IN					
STOCKS	-911	4,407	-340	1,329	
EXPORTS G&S	26,311	35,229	14,063	15,829	12.6
IMPORTS G&S	-27,835	39,236	-12,093	-13,673	13.1

GDP AT MKT
 PRICES 114,215 142,128 65,086 68,752 5.6

5. /LABOR AND EMPLOYMENT/. EMPLOYMENT ON AVERAGE ROSE BY
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131,000 UNITS IN 1976 IN LINE WITH INCREASE IN INDUSTRIAL PRODUCTION THROUGHOUT THE YEAR. WAGE CONTRACT SETTLEMENTS CONCLUDED IN 1976 AND QUARTERLY WAGE REVISIONS BASED ON COST OF LIVING SLIDING SCALE CONTINUED TO PUSH UP LABOR COSTS. SHARE OF NATIONAL INCOME ACCRUING TO WAGE AND SALARY EARNERS IN 1976 SLIGHTLY DECLINED, FOR THE FIRST TIME SINCE 1970, TO 70.2 PERCENT COMPARED WITH 70.4 PERCENT IN 1975 AND 66.8 PERCENT IN 1974. IN 1976 AVERAGE UNEMPLOYMENT RATE ROSE TO 3.7 PERCENT COMPARED WITH 3.3 IN 1975. UNDEREMPLOYMENT, ON THE OTHER HAND, DECLINED FROM 2.3 PERCENT OF THE LABOR FORCE IN 1975 TO ONLY 1.9 PERCENT IN 1976.

6. /PRICES/. IN 1976 WHOLESALE PRICES ON AVERAGE ROSE BY 22.9 PERCENT, CONSUMER PRICES BY 16.8 PERCENT AND COST OF LIVING BY 16.5 PERCENT. GDP DEFLATOR WAS 17.8 PERCENT (COMPARED TO 17.3 PERCENT IN 1975).

8. /BALANCE OF PAYMENTS/. PROVISIONAL BALANCE OF PAYMENTS IN LIRE (AND IN DOLLARS CONVERTED BY EMBASSY AT DLR 1.00 EQUALS 832 LIRE, WHICH IS AVERAGE RATE FOR 1976) FOLLOWS:

ECONOMIC BALANCE OF PAYMENTS - 1976		
	BIL. OF LIRE	MIL. OF DLR
EXPORTS, F.O.B.	30,524	36,687
IMPORTS, F.O.B.	33,876	40,716
TRADE	-3,351	-4,029
(OIL)	(-5,956)	(-7,159)
SERVICES	673	809
BALANCE G&S	-2,678	-3,220

UNILATERAL TRANSFERS 298 358

CURRENT ACT. BAL. -2,380 -2,862

CAP. ACT. E&O 1,336 1,606

EXCHANGE ADJUSTMENT - 92#

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DEFICIT -1,044 -1,164

#TO MAKE OVERALL BALANCE CORRESPOND TO RELATED BOI DOLLAR
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